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THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF LOUISIANA

In Re:	)	CIVIL ACTION NO. 00-558
	)	
THE BABCOCK & WILCOX COMPANY,	)	HONORABLE SARAH S. VANCE
DEBTOR.	)	MAGISTRATE ALMA L. CHASEZ
	)	
Jointly Administered with	)	FROM BANKRUPTCY CASE NOS.
	)	(00-10992 - 00-10995)
DIAMOND POWER INTERNATIONAL,	)	Section "R" (5)
INC., BABCOCK & WILCOX	)	
CONSTRUCTION CO., INC., AMERICON,	)	
INC.	)	

**ORDER CONFIRMING THE JOINT PLAN OF REORGANIZATION AS OF  
SEPTEMBER 28, 2005, AS AMENDED THROUGH JANUARY 17, 2006,  
PROPOSED BY THE DEBTORS, THE ASBESTOS CLAIMANTS' COMMITTEE,  
THE FUTURE ASBESTOS-RELATED CLAIMANTS' REPRESENTATIVE,  
AND MCDERMOTT INCORPORATED AND ISSUING INJUNCTIONS**

This matter is before the Court for entry of an order confirming the Joint Plan of Reorganization as of September 28, 2005, as amended through January 17, 2006 (and as thereafter amended), proposed by the Debtors, the Asbestos Claimants' Committee (the "ACC") the Future Asbestos-Related Claimants' Representative ("FCR"), and McDermott Incorporated (the "Sept. 28 Plan").<sup>1</sup>

After considering the record of the confirmation hearing held before the Bankruptcy Court on December 22, 2005, the Bankruptcy Court's Findings of Fact and Conclusions of Law With Respect to Core Matters and Proposed Findings of Fact and Conclusions of Law With Respect to Non-Core Matters ("Findings of Fact and Conclusions of Law"), and the Bankruptcy Court's Order Recommending Confirmation of the Joint Plan of Reorganization as of September

<sup>1</sup> Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Sept. 28 Plan or Exhibits thereto.

Fee \_\_\_\_\_  
Process \_\_\_\_\_  
☒ Dktd \_\_\_\_\_  
CtRmDep \_\_\_\_\_  
Doc. No. \_\_\_\_\_

28, 2005, as Amended Through December 22, 2005 (And As Thereafter Amended), Proposed by the Debtors, the Asbestos Claimants' Committee (the "ACC"), the Future Asbestos-Related Claimants' Representative (the "FCR"), and McDermott Incorporated ("MI"), finding that due and proper notice of the Motion for Order Confirming the Joint Plan of Reorganization As of September 28, 2005, As Amended Through November 10, 2005 (With Technical Modifications As of December 22, 2005) Pursuant to Section 524(g) of the United States Bankruptcy Code has been given to all parties in interest, it is hereby ordered as follows:

1. The record of the Confirmation Hearing, as made before the Bankruptcy Court, is closed.

2. The Bankruptcy Court's proposed Findings of Fact and Conclusions of Law, including those findings specifically required by Sections 524(g) and 105(a) for implementation of the injunctions set forth in Paragraphs 32, 35, 37, and 39, are hereby adopted as the findings and conclusions of this Court pursuant to Federal Rule of Civil Procedure ("Fed. R. Civ. P.") 52. This Confirmation Order shall constitute the judgment of this Court pursuant to Fed. R. Civ. P. 58.

3. The Sept. 28 Plan is hereby confirmed in its entirety, and each and every provision contained therein is approved in its entirety. Without limiting the preceding, all technical modifications to the Sept. 28 Plan are hereby approved in all respects and are incorporated into the Sept. 28 Plan to the extent that they were not already approved by prior order of the Bankruptcy Court.

4. The holders of impaired Class 5, Class 6, Class 7 and Class 11A Claims have voted to accept the Sept. 28 Plan in the numbers and amounts required by section 1126(b) of the Bankruptcy Code. The holders of Class 6 Claims also have voted to accept the Sept. 28 Plan in

sufficient numbers to meet the requirements of section 524(g)(2)(B)(ii)(iv)(bb) of the Bankruptcy Code.

5. All other Classes of Claims are unimpaired under the Sept. 28 Plan and are exclusively presumed to have accepted the Sept. 28 Plan pursuant to section 1126(f) of the Bankruptcy Code.

6. The Plan Documents as they exist on the record as of the time of the entry of this Confirmation Order, including, without limitation, the documents related to the Asbestos PI Trust, together with all amendments, modifications, and supplements thereto, and all annexes, exhibits, and schedules thereto, and all terms and conditions thereof, are hereby approved.

7. The Non-Debtor Affiliate Settlement Agreement, in substantially the form attached to the Sept. 28 Plan as Exhibit C, is hereby approved in form and substance. The Debtors are hereby authorized to enter into the Non-Debtor Affiliate Settlement Agreement in substantially such form, as amended and modified in order to complete such document and effect the terms of the Sept. 28 Plan.

8. All of the objections to the confirmation of the Sept. 28 Plan were withdrawn or overruled prior to or on the record at the Confirmation Hearing, and all objections to confirmation of the Sept. 28 Plan or the entry of this Confirmation Order are hereby overruled.

9. Except as otherwise provided in this Order, all payments made or to be made by the Debtors, or by any Entity to the extent, if any, that such Entity issues or delivers securities or acquires property under or pursuant to the Sept. 28 Plan, for services or for costs and expenses in or in connection with the Chapter 11 Cases, or in connection with the Sept. 28 Plan and incident to the Chapter 11 Cases, are hereby approved as reasonable.

10. The Effective Date of the Sept. 28 Plan constitutes the date on which the Sept. 28 Plan is substantially consummated, all conditions of the Effective Date set forth in Section 7.13 of the Sept. 28 Plan have been satisfied or waived, and the injunctions set forth in Paragraphs 32, 35, 37, and 39 shall become effective. The Effective Date shall be February 22, 2006, or such other date as may be agreed upon in writing by the Plan Proponents. Notice of the occurrence of the Effective Date, specifying the date on which the Effective Date occurred, shall be filed in both this Court (Civil Action No. 00-558) and the Bankruptcy Court (Case Nos. 00-10992 - 00-10995) within one day following the occurrence of the Effective Date. If the Effective Date does not occur pursuant to the terms of the Sept. 28 Plan, the terms of this Confirmation Order and all Findings of Fact and Conclusions of Law shall be vacated and be null and void, the injunctions set forth in Paragraphs 32, 35, 37, and 39 shall not become effective, and the Debtors and holders of Claims and Equity Interests shall stand in the same position in which such Entities would have stood if this Confirmation Order had not been entered.

11. The provisions of section 7.12.1 of the Sept. 28 Plan are incorporated herein and this Court specifically makes the findings and determinations stated therein.

12. The president, vice president, secretary, treasurer, or any other officer of the Debtors shall be authorized to execute, deliver, file, or record such contracts, instruments, settlement agreements, releases, indentures, and other agreements or documents and to take or direct such actions as may be necessary or appropriate on behalf of the Debtors or Reorganized Debtors to effectuate and further evidence the terms and conditions of the Sept. 28 Plan and Plan Documents, all of which are consistent with the Debtors' constituent documents. The secretary or any other officer of the Debtors shall be authorized to certify or attest to any of the foregoing actions.

13. All matters provided for under the Sept. 28 Plan involving any corporate action to be taken by, or required of, the Debtors or the Reorganized Debtors, shall be deemed to have occurred and be effective as provided in the Sept. 28 Plan, and shall be authorized and approved in all respects without any requirement for further action by the stockholders or directors of any such entities. This Confirmation Order constitutes all authority, if any, required by the General Corporation Law of the State of Delaware, as applicable, and any other applicable business corporation, trust, and other laws of the applicable Governmental Units with respect to the implementation and consummation of the Sept. 28 Plan.

14. On and after the Effective Date and until their respective successors are duly elected or appointed and qualified, the business and affairs of the Reorganized Debtors will be managed by the board of directors and officers of the Debtors set forth in the Notice Pursuant to 11 U.S.C. § 1129(a)(5)(A)(i) of Proposed Officers and Directors of the Reorganized Debtors.

15. On the Effective Date, the Reorganized Debtors, respectively, shall be vested with all of the assets and property of their former Bankruptcy Estates, free and clear of all Claims, liens, charges, and other interests of holders of Claims or Equity Interests, except to the extent specifically provided herein, in another order of this Court or the Bankruptcy Court, in the Sept. 28 Plan, or pursuant to the collateral arrangements entered into by the Reorganized Debtors in connection with the Exit Financing, and may operate their businesses free of any restrictions imposed by the Bankruptcy Code.

16. Except as provided in section 11.4 of the Sept. 28 Plan, as of the Effective Date, the Asbestos PI Trust shall be empowered to initiate, prosecute, defend, and resolve all legal actions and other proceedings related to any asset, liability, or responsibility of the Asbestos PI Trust, including, without limitation, the Asbestos Insurance Rights. Subject to the Sept. 28 Plan

and the other Plan Documents, the Asbestos PI Trust shall be responsible for the payment of all damages, awards, judgments, settlements, expenses, costs, fees, and other charges incurred by or on behalf of the Asbestos PI Trust subsequent to the Effective Date arising from, or associated with, any legal action or other proceeding that is the subject of this paragraph. The Insurance Contributors shall be empowered to initiate, prosecute, defend, settle, maintain, administer, preserve, pursue, and resolve all actions arising from or related to their respective insurance rights to the extent permitted or required by the Asbestos Insurance Rights Assignment Agreement and the Sept. 28 Plan. Pursuant to the Sept. 28 Plan and the Asbestos Insurance Rights Assignment Agreement, at the reasonable direction and request of the Asbestos PI Trust, and at the expense of the Asbestos PI Trust, an Insurance Contributor, or the Reorganized Debtors, as applicable, shall pursue any Asbestos Insurance Rights for the benefit of and to the fullest extent required by the Asbestos PI Trust, by negotiation or, if necessary, by the initiation and prosecution of all appropriate and necessary legal action to secure such Asbestos Insurance Rights and shall take such other action as the Asbestos PI Trust may reasonably request, including granting a security interest in the Asbestos Insurance Rights.

17. All causes of action which remain property of or are revested in the Reorganized Debtors pursuant to the Sept. 28 Plan may be pursued or compromised as deemed fit by the Reorganized Debtors in their sole discretion without need for this Court's approval, and confirmation of the Sept. 28 Plan does not constitute a discharge or release by the Reorganized Debtors of any such preserved causes of action.

18. Pursuant to section 1146(c) of the Bankruptcy Code, the issuance, transfer, or exchange of any of the securities issued, transferred, or exchanged under, or the transfer of any other assets or property pursuant to, or in connection with, the Sept. 28 Plan, or the making or

delivery of an instrument of transfer under, or in connection with, the Sept. 28 Plan shall not be taxed under any law imposing a stamp tax, transfer tax, or other similar tax.

19. Upon the satisfaction of the conditions set forth in Article VI of the Non-Debtor Affiliate Settlement Agreement, the McDermott Consideration shall be transferred to the Asbestos PI Trust as specified in Section 2.1 of the Non-Debtor Affiliate Settlement Agreement. The Asbestos PI Trust shall be a "qualified settlement fund" within the meaning of regulations issued pursuant to section 468B of the IRC. The purpose of the Asbestos PI Trust shall be to, among other things, assume all Asbestos PI Trust Claims and to use the Asbestos PI Trust Assets to pay holders of Asbestos PI Trust Claims in accordance with the Asbestos PI Trust Agreement and the Asbestos PI TDP.

20. The Asbestos PI Trust shall, subject to the other provisions of the Plan Documents, receive the McDermott Consideration. Holders of Asbestos PI Trust Claims shall receive payment in accordance with the Asbestos PI TDP.

21. The initial trustees of the Asbestos PI Trust shall be Judge James McMonagle, Phil Pahigian, and Victor Busey. Effective as of the Effective Date, the Trustees shall serve in accordance with the Asbestos PI Trust Agreement.

22. The initial members of the Trust Advisory Committee shall be J. Burton LeBlanc, Mark C. Meyer, Steven Kazan, Joseph F. Rice, Perry Weitz, Steven D. Wolens, and Peter A. Kraus. Effective as of the Effective Date, the initial members of the Trust Advisory Committee shall serve in accordance with the Asbestos PI Trust Agreement.

23. Eric D. Green shall continue to serve as the FCR on and after the Effective Date pursuant to Section 6 of the Asbestos PI Trust Agreement unless and until a successor is duly appointed.



24. On the Effective Date, Basile Uddo, the Apollo FCR, shall be deemed to have completely fulfilled all of his duties in his capacity as Apollo FCR, and his appointment as Apollo FCR shall automatically terminate as of the Effective Date, without any further action or formality. Nothing in the Sept. 28 Plan, any other Plan Documents, or this Order shall diminish, impair, restrict or discharge the Order on Ex Parte Motion to Provide Administrative Expense Claim and Related Protection to Apollo Future Claimants' Representative signed on September 19, 2003, which shall remain in full force and effect.

25. Notwithstanding anything to the contrary in the Sept. 28 Plan, any other Plan Documents (including any other provision that purports to be preemptory or supervening), or this Confirmation Order, nothing in any such document shall in any way operate to impair, or have the effect of impairing, the Apollo/Parks Township Insurers'<sup>2</sup> legal, equitable or contractual rights, if any, in any respect. The rights of the Apollo/Parks Township Insurers shall be determined under the Apollo/Parks Township Insurance Policies as interpreted under applicable non-bankruptcy law.

26. Nothing in the Sept. 28 Plan, the Plan Documents or this Confirmation Order shall preclude any Entity from asserting in any proceeding any and all claims, defenses, rights or causes of action that it has or may have under or in connection with any of the Apollo/Parks Township Insurance Policies. Nothing in the Sept. 28 Plan, the Plan Documents or this Confirmation Order shall be deemed to waive or impair any claims, defenses, rights or causes of action that any Entity has or may have under the provisions, terms, conditions, defenses, and/or

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<sup>2</sup> "Apollo/Parks Township Insurers" and "Apollo/Parks Township Insurance Policies" as used in this paragraph and the following paragraph shall have the meanings ascribed to those terms in Article I of the Apollo/Parks Township Settlement Agreement that was Exhibit A to the Third Amended Joint Plan of Reorganization filed on June 25, 2003 With Technical Modifications as of June 21, 2004.

exclusions contained in any of the Apollo/Parks Township Insurance Policies. Nothing in the Sept. 28 Plan, the Plan Documents or this Confirmation Order is intended to or shall be deemed to be a finding, conclusion, or determination regarding (i) the merits of any one or more of the Apollo/Parks Township Claims for insurance coverage purposes, (ii) whether any settlement of any Apollo/Parks Township Claim is reasonable or appropriate for insurance coverage purposes, or (iii) any issue of fact or law relating to insurance coverage (if any) for any settlement of any Apollo/Parks Township Claim approved pursuant to Bankruptcy Rule 9019. Nothing in the Sept. 28 Plan, the Plan Documents or this Confirmation Order is intended to or shall be deemed to have any preclusive effect (whether by *res judicata*, collateral estoppel or any other doctrine of preclusion) as against the Apollo/Parks Township Insurers in any proceeding.

27. Except as specifically provided in the Sept. 28 Plan, the Plan Documents or in this Confirmation Order, the rights afforded in the Sept. 28 Plan and Plan Documents and the treatment of all Claims and Equity Interests therein shall be in exchange for and in complete satisfaction, discharge and release of all Claims, Demands and Equity Interests of any nature whatsoever, against the Debtors, the Debtors in Possession, and the Reorganized Debtors, or their assets, properties, or interests in property. Except as otherwise provided in the Sept. 28 Plan, the Plan Documents or in this Confirmation Order, on the Effective Date all Claims against and Equity Interests in the Debtors, the Debtors in Possession, and the Reorganized Debtors shall be satisfied, discharged, and released in full. Except as otherwise provided in the Sept. 28 Plan, the Plan Documents or this Confirmation Order, the Reorganized Debtors shall not be responsible for any obligations of the Debtors or the Debtors in Possession except those expressly assumed by the Reorganized Debtors pursuant to the Sept. 28 Plan and the other Plan Documents and such settlement agreements relating to objections to confirmation as are

expressly approved by this Court, and those claims that pass through the Sept. 28 Plan unimpaired pursuant to section 3.2.8 therein. To the extent provided in the Sept. 28 Plan and/or Plan Documents, all Entities shall be precluded and forever barred from asserting, against the Asbestos PI Trust and the Asbestos Protected Parties, or their assets, properties, or interests in property any other or further Claims or Demands based upon any act or omission, transaction, or other activity, event, or occurrence of any kind or nature that occurred prior to the Effective Date, whether or not the facts of or legal bases therefor were known or existed prior to the Effective Date, except as expressly provided in the Sept. 28 Plan and Plan Documents or in this Confirmation Order.

28. To the extent provided in the Sept. 28 Plan and the other Plan Documents, the transfer to, vesting in, and assumption by the Asbestos PI Trust of the McDermott Consideration as contemplated by the Sept. 28 Plan, the Non-Debtor Affiliate Settlement Agreement and the Asbestos Insurance Rights Assignment Agreement shall, among other things, on the Effective Date (a) discharge the Debtors and the Reorganized Debtors for and in respect of all Asbestos PI Trust Claims and (b) release and extinguish all obligations and liabilities of the Released Parties for and in respect of all Asbestos PI Trust Claims. On the Effective Date, subject to the terms of the Sept. 28 Plan and the other Plan Documents, the Asbestos PI Trust shall assume all Asbestos PI Trust Claims and shall evaluate, determine and pay (if and to the extent entitled to payment) Asbestos PI Trust Claims, in accordance with the Asbestos PI Trust Agreement and the Asbestos PI TDP.

29. On and after the Effective Date, the Debtors shall be fully and finally discharged of any liability or obligation on a Disallowed Claim, and any order creating a Disallowed Claim which is not a final order as of the Effective Date solely because of an Entity's right to move for

reconsideration of such order pursuant to section 502 of the Bankruptcy Code or Bankruptcy Rule 3008 shall nevertheless become and be deemed to be a final order on the Effective Date for the purpose of, and shall then be, subject to appeal.

### **Injunctions**

#### **Asbestos PI Channeling Injunction**

30. In connection with the creation of the Asbestos PI Trust and to supplement the injunctive relief of a discharge under section 524 of the Bankruptcy Code, the Asbestos PI Channeling Injunction, set forth in Paragraph 32 of this Confirmation Order, shall be, and hereby is, issued and approved as of the Effective Date pursuant to sections 105(a) and 524(g) of the Bankruptcy Code. The Asbestos PI Channeling Injunction applies to all Asbestos PI Trust Claims.

31. The sole recourse of the holder of an Asbestos PI Trust Claim on account of such claim shall be to the Asbestos PI Trust pursuant to the provisions of the Asbestos PI Channeling Injunction, set forth in Paragraph 32 of this Confirmation Order, and the Asbestos PI Trust Distribution Procedures and such holder shall have no right whatsoever at any time to assert its Asbestos PI Trust Claim against the Debtors, Reorganized Debtors, any other Asbestos Protected Party, any Settling Asbestos Insurance Entity, or any property or interest in property of the Debtors, the Reorganized Debtors, or any other Asbestos Protected Party. The definitions of Debtors, Reorganized Debtors, Asbestos Protected Parties, and Settling Asbestos Insurance Entities are found in the Sept. 28 Plan and reproduced in Exhibit A hereto.

32. Without limiting the foregoing, from and after the Effective Date, all holders of Asbestos PI Trust Claims shall be permanently and forever enjoined from taking any of the following actions for the purpose of, directly or indirectly, collecting, recovering, or receiving

payment of, on, or with respect to any Asbestos PI Trust Claims other than from the Asbestos PI Trust in accordance with the Asbestos PI Trust Distribution Procedures, including:

- (a) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding (including a judicial, arbitration, administrative, or other proceeding) in any forum against or affecting any Asbestos Protected Party, any Settling Asbestos Insurance Entity, or any property or interests in property of any Asbestos Protected Party or Settling Asbestos Insurance Entity;
- (b) enforcing, levying, attaching (including any prejudgment attachment), collecting, or otherwise recovering by any means or in any manner, whether directly or indirectly, any judgment, award, decree, or other order against any Asbestos Protected Party, any Settling Asbestos Insurance Entity, or any property or interests in property of any Asbestos Protected Party or Settling Asbestos Insurance Entity;
- (c) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any Encumbrance against any Asbestos Protected Party, any Settling Asbestos Insurance Entity, or any property or interests in property of any Asbestos Protected Party or Settling Asbestos Insurance Entity;
- (d) setting off, seeking reimbursement of, contribution from, or subrogation against, or otherwise recouping in any manner, directly or indirectly, any amount against any liability owed to any Asbestos Protected Party, any Settling Asbestos Insurance Entity, or any property or interests in property of any Asbestos Protected Party or Settling Asbestos Insurance Entity; and

- (c) proceeding in any manner in any place with regard to any matter that is subject to resolution pursuant to the Asbestos PI Trust, except in conformity and compliance therewith.

Except as provided in the Sept. 28 Plan, the Non-Debtor Affiliate Settlement Agreement, or this Confirmation Order, nothing contained in the Sept. 28 Plan or this Confirmation Order shall constitute or be deemed a waiver of any claim, right, or cause of action that the Debtors, the Reorganized Debtors, or the Asbestos PI Trust may have against any Entity in connection with or arising out of or related to an Asbestos PI Trust Claim, all of which claims, rights, or causes of action are reserved.

**Asbestos PD Channeling Injunction**

33. The Asbestos PD Channeling Injunction, set forth in Paragraph 35 of this Confirmation Order, shall be, and hereby is, issued and approved as of the Effective Date pursuant to section 105(a) of the Bankruptcy Code. The Asbestos PD Channeling Injunction applies to all Class 7 Claims.

34. The sole recourse of the holder of a Class 7 Claim on account of such Class 7 Claim shall be to the Reorganized Debtors pursuant to the provisions of the Asbestos PD Channeling Injunction, set forth in Paragraph 35 of this Confirmation Order, and the Sept. 28 Plan, and such holder shall have no right whatsoever at any time to assert its Class 7 Claim against any other Asbestos Protected Party, any Settling Asbestos Insurance Entity, the Asbestos PI Trust, or any property or interest in property of the Debtors, the Reorganized Debtors, or any other Asbestos Protected Party. The definitions of Debtors, Reorganized Debtors, Asbestos Protected Parties, and Settling Asbestos Insurance Entities are found in the Sept. 28 Plan and reproduced in Exhibit A hereto.

35. Without limiting the foregoing, from and after the Effective Date, all holders of Class 7 Claims shall be permanently and forever enjoined from taking any of the following actions for the purpose of, directly or indirectly, collecting, recovering, or receiving payment of, on, or with respect to any Class 7 Claim other than from the Reorganized Debtors, including:

- (a) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding (including a judicial, arbitration, administrative, or other proceeding) in any forum against or affecting any Asbestos Protected Party (other than the Reorganized Debtors), any Settling Asbestos Insurance Entity, the Asbestos PI Trust, or any property or interests in property of any Asbestos Protected Party or Settling Asbestos Insurance Entity;
- (b) enforcing, levying, attaching (including any prejudgment attachment), collecting, or otherwise recovering by any means or in any manner, whether directly or indirectly, any judgment, award, decree, or other order against any Asbestos Protected Party (other than the Reorganized Debtors), any Settling Asbestos Insurance Entity, the Asbestos PI Trust, or any property or interests in property of any Asbestos Protected Party or Settling Asbestos Insurance Entity;
- (c) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any Encumbrance against any Asbestos Protected Party (other than the Reorganized Debtors), any Settling Asbestos Insurance Entity, the Asbestos PI Trust, or any property or interests in property of any Asbestos Protected Party or Settling Asbestos Insurance Entity;
- (d) setting off, seeking reimbursement of, contribution from, or subrogation against, or otherwise recouping in any manner, directly or indirectly, any amount against

any liability owed to any Asbestos Protected Party (other than the Reorganized Debtors), any Settling Asbestos Insurance Entity, the Asbestos PI Trust, or any property or interests in property of any Asbestos Protected Party or Settling Asbestos Insurance Entity; and

- (e) proceeding in any other manner with regard to any matter involving one or more Class 7 Claims except in conformity and compliance with the Sept. 28 Plan.

Except as provided in the Sept. 28 Plan, the Non-Debtor Affiliate Settlement Agreement, or this Confirmation Order, nothing contained in the Sept. 28 Plan or this Confirmation Order shall constitute or be deemed a waiver of any claim, right, or cause of action that the Debtors or the Reorganized Debtors may have against any Entity in connection with or arising out of or related to a Class 7 Claim, all of which claims, rights, or causes of action are reserved.

**Asbestos Insurance Entity Injunction**

36. In order to protect the Asbestos PI Trust and to preserve its assets, as described in Section 7.4.2 of the Sept. 28 Plan, the Asbestos Insurance Entity Injunction, set forth in Paragraph 37 of this Confirmation Order, shall be, and hereby is, issued and approved as of the Effective Date pursuant to the equitable jurisdiction and power of this Court under Section 105(a) of the Bankruptcy Code; provided, however, that, except as otherwise provided in this Confirmation Order or any Asbestos PI Settlement Agreement, (i) the Asbestos Insurance Entity Injunction shall not impair in any way the Insurer Misconduct Actions; (ii) the Asbestos PI Trust shall have the sole and exclusive authority at any time to terminate, or reduce or limit the scope of, the Asbestos Insurance Entity Injunction with respect to any Asbestos Insurance Entity upon express written notice to such Asbestos Insurance Entity; and (iii) the Asbestos Insurance Entity



Injunction is not issued for the benefit of any Asbestos Insurance Entity, and no Asbestos Insurance Entity is a third-party beneficiary of the Asbestos Insurance Entity Injunction.

37. Subject to the provisions of Sections 7.3 and 7.4.1 of the Sept. 28 Plan and Paragraph 43 of this Confirmation Order, from and after the Effective Date, all Entities (not including the Asbestos PI Trust, the Asbestos Insurance Entities, the Reorganized Debtors and the Insurance Contributors) that have held or asserted, that hold or assert, or that may in the future hold or assert any Claim, Demand or cause of action (including any Asbestos PI Trust Claim or any Claim or Demand for or respecting any Trust Expenses) against any Asbestos Insurance Entity, as this term is defined in the Sept. 28 Plan and includes, among others, the Settling Asbestos Insurance Entities that are listed on Exhibit A hereto, based upon, relating to, arising out of, or in any way connected with any Claim, Demand, Asbestos PI Insurance Rights, Subject Asbestos Insurance Policies, or Subject Asbestos Insurance Settlement Agreements whenever and wherever arisen or asserted (including all Claims in the nature of or sounding in tort, or under contract, warranty, or any other theory of law, equity, or admiralty) shall be enjoined from taking any action for the purpose of directly or indirectly collecting, recovering, or receiving payments, satisfaction, or recovery with respect to any such Claim, Demand, or cause of action, including:

- (a) commencing, conducting, or continuing, in any manner, directly or indirectly, any suit, action, or other proceeding of any kind (including a judicial, arbitration, administrative, or other proceeding) in any forum with respect to any such Claim, Demand, or cause of action against any Asbestos Insurance Entity, or against the property of any Asbestos Insurance Entity, with respect to any such Claim, Demand, or cause of action;

- (b) enforcing, levying, attaching, collecting, or otherwise recovering, by any means or in any manner, whether directly or indirectly, any judgment, award, decree, or other order against any Asbestos Insurance Entity, or against the property of any Asbestos Insurance Entity, with respect to any such Claim, Demand, or cause of action;
- (c) creating, perfecting, or enforcing in any manner, directly or indirectly, any encumbrance against any Asbestos Insurance Entity, or the property of any Asbestos Insurance Entity, with respect to any such Claim, Demand, or cause of action; and
- (d) except as otherwise specifically provided in the Sept. 28 Plan, asserting or accomplishing any setoff, right of subrogation, indemnity, contribution, or recoupment of any kind, directly or indirectly, against any obligation of any Asbestos Insurance Entity, or against the property of any Asbestos Insurance Entity, with respect to any such Claim, Demand or cause of action;

provided, however, that except as otherwise provided in this Confirmation Order or any Asbestos PI Settlement Agreement, (i) the Asbestos Insurance Entity Injunction, set forth in this Paragraph 37, shall not impair in any way the Insurance Misconduct Actions; (ii) the Asbestos PI Trust shall have the sole and exclusive authority at any time to terminate, or reduce or limit the scope of, the Asbestos Insurance Entity Injunction with respect to any Asbestos Insurance Entity upon express written notice to such Asbestos Insurance Entity; and (iii) the Asbestos Insurance Entity Injunction is not issued for the benefit of any Asbestos Insurance Entity, and no Asbestos Insurance Entity is a third-party beneficiary of the Asbestos Insurance Entity Injunction.

38. Notwithstanding anything to the contrary above, the Asbestos Insurance Entity Injunction, set forth in Paragraph 37 of this Confirmation Order shall not enjoin:

- (a) the rights of Entities to the treatment accorded them under Articles 2 and 3 of the Sept. 28 Plan, as applicable, including the rights of Entities with Asbestos PI Trust Claims or Class 7 Claims to assert such Asbestos PI Trust Claims or Class 7 Claims against the Asbestos PI Trust or the Reorganized Debtors, as applicable, in accordance with the Asbestos PI Trust Distribution Procedures or the Asbestos PD Channeling Injunction and the terms of the Sept. 28 Plan;
- (b) the rights of Entities to assert any Claim, debt, obligation, or liability for payment of Trust Expenses against the Asbestos PI Trust;
- (c) the rights of the Asbestos PI Trust and the Reorganized Debtors and the Insurance Contributors (to the extent permitted or required under the Sept. 28 Plan or the Asbestos Insurance Rights Assignment Agreement) to prosecute any action based on or arising from Asbestos PI Insurance Rights;
- (d) the rights of the Asbestos PI Trust and the Reorganized Debtors to assert any claim, debt, obligation, or liability for payment against an Asbestos Insurance Entity based on or arising from Asbestos PI Insurance Rights; and
- (e) the rights of Entities to assert any claim, debt, right, obligation, or liability that (i) arises under or relates to any insurance policy that is not a Subject Asbestos Insurance Policy, (ii) has not been released or otherwise extinguished by a Subject Insurance Settlement Agreement, and (iii) is not subject to the Asbestos PI Channeling Injunction, set forth in Paragraph 32 of this Confirmation Order

and/or the Asbestos PD Channeling Injunction, set forth in Paragraph 35 of this Confirmation Order.

**Other Injunctions**

39. In accordance with section 346 of the Bankruptcy Code, for purposes of any state or local law imposing a tax, income will not be realized by the Debtors or Reorganized Debtors by reason of forgiveness or discharge of indebtedness resulting from the consummation of the Sept. 28 Plan. As a result, each state or local taxing authority that was provided with or is chargeable with notice of this proceeding is permanently enjoined, after the Confirmation Date, from commencing, continuing, or taking any act to impose, collect, or recover in any manner any tax against the Debtors or Reorganized Debtors arising by reason of the forgiveness or discharge of indebtedness under the Sept. 28 Plan.

**Other Provisions Relating To Injunctions**

40. All of the injunctions and/or automatic stays provided for, in or in connection with the Chapter 11 Cases, whether pursuant to sections 105 and 362 of the Bankruptcy Code, or any other provision of the Bankruptcy Code or other applicable law, in existence immediately prior to the Confirmation Date shall remain in full force and effect until the injunctions contemplated by the Sept. 28 Plan and set forth in Paragraphs 32, 35, 37, and 39 become effective subject to Paragraph 43 hereof. In addition, on and after the Confirmation Date, the Reorganized Debtors may seek such further orders as they may deem necessary or appropriate to preserve the status quo during the time between the Confirmation Date and the Effective Date.

41. Each of the injunctions contemplated by the Sept. 28 Plan and set forth in Paragraphs 32, 35, 37, and 39 of this Confirmation Order shall become effective on the Effective

Date and shall continue in effect at all times thereafter except as otherwise provided by the Sept. 28 Plan or herein.

42. Notwithstanding anything to the contrary contained in the Sept. 28 Plan, all actions in the nature of those to be enjoined by the injunctions set forth in Paragraphs 32, 35, 37, and 39 shall be enjoined during the period between the Confirmation Date and the Effective Date.

#### **Other Provisions**

43. Notwithstanding any other provision of the Sept. 28 Plan or this Confirmation Order to the contrary (other than this Paragraph 43), nothing in the Sept. 28 Plan or this Confirmation Order shall have the effect of (i) limiting or prejudicing in any way the rights of Citgo Petroleum Corporation and its subrogated insurers ("Citgo"), PDV Midwest Refining L.L.C. ("PDVMR") or Lloyd's Intervenorors as identified in that certain Joint Stipulation and Accord among those parties, The Babcock & Wilcox Company ("B&W"), McDermott International, Inc., and other McDermott Entities dated December 21, 2005, (the "Joint Stipulation"), as approved by the Bankruptcy Court on December 22, 2005, or (ii) precluding or hindering Citgo, PDVMR or Lloyd's Intervenorors from pursuing claims against the Reorganized Debtors, any of their insurers or any third parties as set forth in the Joint Stipulation. Without limiting the generality of the foregoing, (A) any and all rights of Citgo, PDVMR and Lloyd's Intervenorors against insurers or under insurance policies relating to their respective claims asserted in or arising out of the litigation styled *Citgo Petroleum Corp., et al. v. McDermott Int'l, Inc., et al.*, Cause No. 03-L 009812 and pending before the Circuit Court of Cook County, Illinois (the "Illinois Lawsuit," and the claims of Citgo, PDVMR and Lloyd's Intervenorors asserted therein or arising therefrom, the "Illinois Lawsuit Claims"), are hereby fully preserved

(subject to the Joint Stipulation) and shall not under any circumstances be deemed enjoined, discharged or modified in any way by the terms of the Sept. 28 Plan or this Confirmation Order and (B) notwithstanding the Sept. 28 Plan or this Confirmation Order or any of the injunctions contemplated by the Sept. 28 Plan or set forth in Paragraphs 32, 35, 37, and 39 of this Confirmation Order, B&W and the other Reorganized Debtors may be pursued as defendants in the Illinois Lawsuit with respect to the Illinois Lawsuit Claims pursuant to the terms of the Joint Stipulation, and Citgo, PDVMR and Lloyd's Intervenor may pursue any and all of their rights under the applicable insurance policies of B&W and the Reorganized Debtors consistent with the terms of the Joint Stipulation. Nothing in this Confirmation Order, the Sept. 28 Plan or the Joint Stipulation shall constitute or be deemed a release of any entity which has provided, underwritten, issued or subscribed to any of the policies relating to or covering the Illinois Lawsuit Claims with respect to such entity's obligations under such policies, which policies are referenced in the Joint Stipulation. This Paragraph 43 shall not reduce, limit or eliminate the effects of the Asbestos PI Channeling Injunction, set forth in Paragraph 32 of this Confirmation Order, the Asbestos Insurance Entity Injunction, set forth in Paragraph 37 of this Confirmation Order, and/or the Asbestos PD Channeling Injunction, set forth in Paragraph 35 of this Confirmation Order with respect to any Asbestos PI Trust Claim or Class 7 Claim under or against any Subject Asbestos Insurance Policy or any Settling Asbestos Insurance Entity.

44. Upon the Effective Date, the Asbestos PI Trust shall be bound by the terms of the Certain Law Firms' Settlement Agreement dated as of December 22, 2005, and the trustees of the Asbestos PI Trust shall execute an assumption and acknowledgment of the Asbestos PI Trust's obligations under the Certain Law Firms' Settlement Agreement.

45. Except for executory contracts that the Debtors reject prior to the Effective Date or designate as being subject to rejection in connection with the Effective Date, as set forth in section 8.1 of the Sept. 28 Plan, and in accordance with section 1123(b)(2) of the Bankruptcy Code, all executory contracts and unexpired leases not previously assumed by the Debtors pursuant to section 365 of the Bankruptcy Code shall be deemed to have been assumed by the Reorganized Debtors on the Effective Date, provided that nothing in Article 8 of the Sept. 28 Plan shall (1) constitute a reinstatement, continuation or assumption of any warranty provision, guaranty or any other contractual or other obligation, Demand or Claim by the Reorganized Debtors to the extent that the Claim, Demand or obligation constitutes an Asbestos Property Damage Claim, an Asbestos Personal Injury Claim, an Indirect Asbestos PI Claim, an Indirect Asbestos PD Claim, or an Apollo/Parks Township Claim or (2) limit, restrict or otherwise impair the releases afforded to the MII Indemnified Parties that are granted elsewhere in the Sept. 28 Plan or other Plan Documents.

46. Professionals or other Entities requesting compensation or reimbursement of expenses pursuant to sections 327, 328, 330, 331, and 503(b) of the Bankruptcy Code (including compensation requested pursuant to section 503(b)(3) and (4) of the Bankruptcy Code by any professional or other Entity for making a substantial contribution in the Chapter 11 Cases) must file and serve on the Reorganized Debtors and on such Entities who are designated by the Bankruptcy Rules an application for final allowance of compensation and reimbursement of expenses no later than forty-five (45) days after the last date of the calendar month in which the Effective Date occurs.

47. Holders of Administrative Expense Claims based on obligations incurred by the Debtors in the ordinary course of their businesses shall not be required to file or serve any

request for payment of such Claims and, to the extent such Administrative Expense Claims are due and owing, they shall be paid in full by the Debtors or such obligations shall be performed by the Reorganized Debtors, when due in the ordinary course of business and in accordance with the terms and conditions of the particular agreements governing such obligations, if any.

48. If the rejection of an executory contract or unexpired lease pursuant to section 8.1 of the Sept. 28 Plan gives rise to a Claim by the other party or parties to such contract or lease, such Claims shall be forever barred and shall not be enforceable against the Debtors or the Reorganized Debtors, their respective successors or their respective properties unless a Proof of Claim is filed on or before the later to occur of: (a) thirty (30) days after the date of entry of an order approving such rejection; or (b) thirty (30) days after the Effective Date of the Sept. 28 Plan. Objections to Claims filed as a result of the rejection of an executory contract or unexpired lease may be filed by the Reorganized Debtors within such reasonable period of time as the Court may order.

49. Except as otherwise provided in this Confirmation Order or the Sept. 28 Plan, all Claims shall be forever barred and shall not be enforceable against the Debtors or the Reorganized Debtors, their respective successors, or their respective properties.

50. Pursuant to sections 105(a) and 1142 of the Bankruptcy Code, the Bankruptcy Court shall retain and shall have jurisdiction in accordance with the Sept. 28 Plan and the other Plan Documents. The Bankruptcy Court shall also retain and have jurisdiction over the adversary proceeding captioned *Babcock & Wilcox Company v. McGriff Seibels & Williams, Inc. et al*, Adv. No. 05-01225, E.D. La. Bankr., filed Sept. 1, 2005.



51. The Asbestos PI Trust shall be subject to the continuing jurisdiction of the Bankruptcy Court in accordance with the requirements of section 468B of the IRC and the regulations issued pursuant thereto.

52. None of the Reorganized Debtors, the Debtors, the Non-Debtor Subsidiaries, the Non-Debtor Affiliates, the MII Indemnified Parties, the Trustees of the Asbestos PI Trust, the Asbestos Claimants' Committee, the Unsecured Creditors' Committee, the Future Claimants' Representative, the Apollo FCR or any of their respective Representatives are to have or incur any liability to any Entity for any act or omission in connection with or arising out of the negotiation of the Sept. 28 Plan or the settlement provided in the Non-Debtor Affiliate Settlement Agreement, the pursuit of confirmation of the Sept. 28 Plan, the consummation of the Sept. 28 Plan or the settlement provided in the Non-Debtor Affiliate Settlement Agreement, or the administration of the Sept. 28 Plan or the property to be distributed under the Sept. 28 Plan (including any and all Claims, obligations, rights, suits, damages, causes of action, remedies, and liabilities based on conduct that constituted or may have constituted ordinary or gross negligence or reckless, willful, or wanton misconduct – but not, in the case of any natural person included among the Entities to which Section 11.7 of the Sept. 28 Plan applies, any claims against that person based on intentional misconduct of that person that directly resulted in the unjust enrichment of that person – of any of the Debtors, the Non-Debtor Subsidiaries, the Non-Debtor Affiliates, the MII Indemnified Parties, the Trustees of the Asbestos PI Trust, the Asbestos Claimants' Committee, the Unsecured Creditors' Committee, the Future Claimants' Representative, the Apollo FCR or any of their respective Representatives or any conduct for which any of those Entities may be deemed to have strict liability under any applicable law). In

all respects, they will be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Sept. 28 Plan.

53. Except as otherwise specifically provided in the Sept. 28 Plan, on and after the Effective Date, and subject to Paragraph 43 hereof, each holder of a Claim (i) who has accepted the Sept. 28 Plan, or (ii) who is entitled to receive a Distribution of property under the Sept. 28 Plan shall be deemed to have unconditionally released the Debtors, the Reorganized Debtors, the Unsecured Creditors' Committee, the Asbestos Claimants' Committee, the Future Claimants' Representative, the Non-Debtor Affiliates, the MII Indemnified Parties, and the Apollo FCR from any and all claims (as defined in Section 101(5) of the Bankruptcy Code), obligations, rights, suits, damages, causes of action, remedies, and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity, or otherwise, that such Entity would have been legally entitled to assert (whether individually or collectively), based in whole or in part upon any act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date in any way relating or pertaining to, the Debtors or the Reorganized Debtors, the Chapter 11 Cases, or the negotiation, formulation, and preparation of the Sept. 28 Plan or any related agreements, instruments, or other documents (including any and all Claims, obligations, rights, suits, damages, causes of action, remedies, and liabilities based on conduct that constituted or may have constituted ordinary or gross negligence or reckless, willful, or wanton misconduct of any of the Debtors, the Reorganized Debtors, the Non-Debtor Subsidiaries, the Non-Debtor Affiliates, the MII Indemnified Parties, the Trustees of the Asbestos PI Trust, the Asbestos Claimants' Committee, the Unsecured Creditors' Committee, the Future Claimants' Representative, the Apollo FCR, or any of their respective Representatives

or any conduct for which any of those Entities may be deemed to have strict liability under any applicable law).

54. Effective as of the Effective Date, except as otherwise provided in this Confirmation Order, the MII Indemnified Parties and the Non-Debtor Subsidiaries shall be released from all claims to the extent provided in the Sept. 28 Plan and the Non-Debtor Affiliate Settlement Agreement.

55. Effective as of the Effective Date, the Asbestos PI Trust and the Reorganized Debtors shall have all of the obligations to indemnify the MII Indemnified Parties pursuant to and in accordance with the Non-Debtor Affiliate Settlement Agreement.

56. On the Confirmation Date, the Debtors shall be empowered and authorized to take or cause to be taken, prior to the Effective Date, all actions necessary to enable it to implement effectively: (a) the provisions of the Sept. 28 Plan; and (b) the creation of the Asbestos PI Trust.

57. On the Effective Date, the ACC and the Unsecured Creditors' Committee shall be released and discharged as provided in section 11.6 of the Sept. 28 Plan.

58. On or before the Effective Date, all fees payable pursuant to 28 U.S.C. § 1930(a)(6), will be paid by the applicable Debtors or Reorganized Debtors. All fees payable pursuant to 28 U.S.C. § 1930(a)(6) will thereafter be paid by the Reorganized Debtors in accordance with applicable law until the Chapter 11 Cases are converted, dismissed, closed or final decreed pursuant to 11 U.S.C. § 350. In addition, the Reorganized Debtors shall file any and all post-confirmation reports in accordance with Bankruptcy Rule 2015, the United States trustee guidelines and any other applicable law.

59. Except as otherwise expressly provided in the Sept. 28 Plan or otherwise Allowed by Final Order of the Bankruptcy Court, no interest, penalty, or late charge arising after the Petition Date shall be Allowed on any Claim or Equity Interest.

60. No attorneys' fees, Non-Compensatory Damages, penalties, or interest shall be paid with respect to any Claim or Equity Interest except as Allowed by a Final Order of the Bankruptcy Court or in accordance with the terms of the Asbestos PI TDP.

61. On or before the Effective Date, the applicable Debtors, Reorganized Debtors and their respective subsidiaries are authorized to enter into agreements and other documents evidencing the Exit Financing and to grant liens and security interests in substantially all of their assets to the applicable secured parties as contemplated by such agreements and documents, and such agreements, documents, liens and security interests are hereby approved. All fees, costs and expenses paid or to be paid by B&W to Credit Suisse and the other agents and lenders in connection with the Exit Financing are hereby ratified and approved. In the event any of the agreements and other documents evidencing the Exit Financing are entered into by the Debtors prior to the Effective Date, they shall be deemed assumed by the Reorganized Debtors as of the Effective Date. Notwithstanding anything in the Sept. 28 Plan to the contrary, the Bankruptcy Court's retention of jurisdiction pursuant to this Confirmation Order shall not extend to the enforcement of the agreements and other documents evidencing the Exit Financing or ancillary thereto or any rights or remedies relating thereto after the Effective Date.

62. The failure to reference or discuss any particular provision of the Sept. 28 Plan in this Confirmation Order shall have no effect on the validity, binding effect, and enforceability of such provision and such provision shall have the same validity, binding effect, and enforceability as every other provision of the Sept. 28 Plan.

63. Unless this Confirmation Order is stayed pending appeal, its reversal or modification shall not affect the validity of the Sept. 28 Plan, the Plan Documents, or any other agreement, document, instrument, or action authorized by this Confirmation Order or under the Sept. 28 Plan as to the Debtors, Reorganized Debtors, the Asbestos PI Trust or any other Entity acting in good faith, whether or not that Entity knows of the appeal.

64. Notwithstanding any closing of the Chapter 11 Cases, any of the Debtors, the Reorganized Debtors, the Asbestos PI Trust, the Trust Advisory Committee, or the FCR may move, on notice to those persons on the Bankruptcy Rule 2002 Service List, to reopen the Chapter 11 Cases for the purpose of seeking relief pursuant to the retained jurisdiction of the Bankruptcy Court provided herein, in the Sept. 28 Plan or under applicable law.

65. In the event of any inconsistency between the Sept. 28 Plan and any other agreement, instrument, or document intended to implement the provisions of the Sept. 28 Plan, the provisions of the Sept. 28 Plan shall govern unless otherwise expressly provided for in such agreements, instruments or documents or this Confirmation Order. In the event of any inconsistency between and/or among the Sept. 28 Plan and this Confirmation Order, the provisions of this Confirmation Order shall govern. This Confirmation Order shall supersede any orders of this Court and the Bankruptcy Court issued prior to the Effective Date that may be inconsistent herewith.

#### **Insurer-Specific Provisions**

##### **Provisions Relating to Settling Asbestos Insurance Entities**

66. Certain Asbestos Insurance Entities have entered into settlement agreements with the Debtors, which have been approved by the Bankruptcy Court by Final Order. Those approved settlements satisfy the requirements for such settling insurers to be Settling Asbestos

Insurance Entities as defined in the Sept. 28 Plan because such settlement agreements: (a) are sufficiently comprehensive to warrant treatment under Section 524(g) of the Bankruptcy Code in the case of Asbestos PI Trust Claims or to warrant treatment under Section 105 of the Bankruptcy Code in the case of Class 7 Claims, and (b) such settling insurers have been listed on the schedule of Settling Asbestos Insurance Entities that is part of Exhibit A attached hereto.

67. Certain other Asbestos Insurance Entities have entered into settlement agreements with the Debtors, which are pending final execution and/or approval by Final Order of the Bankruptcy Court and/or the Ontario Superior Court of Justice (Commercial List) in the Matter of Babcock & Wilcox Canada (Court File No. 00-CL-3667). Subject to, and conditioned on, such final execution and final court approvals, those settlement agreements will satisfy the requirements for those settling insurers to be Settling Asbestos Insurance Entities as defined in the Sept. 28 Plan because such settlement agreements: (a) are sufficiently comprehensive to warrant treatment under Section 524(g) of the Bankruptcy Code in the case of Asbestos PI Trust Claims or to warrant treatment under Section 105 of the Bankruptcy Code in the case of Class 7 Claims, and (b) such insurers have been listed on the schedule of Settling Asbestos Insurance Entities that is part of Exhibit A attached hereto.

68. Accordingly, the Entities identified on the Schedule of Settling Asbestos Insurance Entities that is part of Exhibit A attached hereto, are Settling Asbestos Insurance Entities (subject to any limitations and conditions identified thereon), entitled to all rights, protections, and benefits provided to Settling Asbestos Insurance Entities under the Sept. 28 Plan, including any and all rights, protections and benefits provided to Settling Asbestos Insurance Entities under the Asbestos PI Channeling Injunction, set forth in Paragraph 32 of this

Confirmation Order, the Asbestos PD Channeling Injunction, set forth in Paragraph 35 of this Confirmation Order, and the Asbestos Insurance Entity Injunction, set forth in Paragraph 37 of this Confirmation Order.

69. No ruling, proceeding or other matter in connection with the Sept. 28 Plan or the Chapter 11 Cases will impair, affect or modify the rights and obligations under any Asbestos PI Insurance Settlement Agreement of any party thereto.

**Provisions Relating to Travelers Settlement Agreement<sup>3</sup>**

70. The Asbestos PI Channeling Injunction, set forth in Paragraph 32 of this Confirmation Order, applies in full to Travelers with respect to Asbestos PI Trust Claims. Travelers is entitled to all of the benefits of the Asbestos PI Channeling Injunction, the Asbestos PD Channeling Injunction, set forth in Paragraph 35 of this Confirmation Order, and the Asbestos Insurance Entity Injunction, set forth in Paragraph 37 of this Confirmation Order.

71. The Asbestos PD Channeling Injunction applies in full to Travelers with respect to Class 7 Claims.

72. Consistent with Sections 7.3 and 7.4 of the Sept. 28 Plan and Paragraph 80 of this Confirmation Order, none of the B&W/McDermott Parties, the ACC, the FCR and the Asbestos PI Trust may seek to terminate, or reduce or limit the scope of, the Asbestos PI Channeling Injunction, the Asbestos PD Channeling Injunction, or the Asbestos Insurance Entity Injunction with respect to Travelers.

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<sup>3</sup> Capitalized terms in Paragraphs 70 through 72 not defined herein or in the Sept. 28 Plan have the meanings ascribed thereto in the Settlement Agreement and Release between the B&W/McDermott Parties, the ACC, the FCR and Travelers, which was approved by the Bankruptcy Court on October 27, 2004 (the "Travelers Settlement Agreement").

**Provisions Relating to the ACE Settlement Agreement<sup>4</sup>**

73. The Asbestos PI Channeling Injunction, set forth in Paragraph 32 of this Confirmation Order, applies in full to and for the benefit of the ACE Companies and their Predecessors with respect to Asbestos PI Trust Claims.

74. The Asbestos PD Channeling Injunction, set forth in Paragraph 35 of this Confirmation Order, applies in full to and for the benefit of ACE Companies and their Predecessors with respect to Class 7 Claims.

75. The ACE Companies shall have the right to enforce the Asbestos Insurance Entity Injunction, set forth in Paragraph 37 of this Confirmation Order with respect to the ACE Companies and their Predecessors.

76. The ACE Parties (other than the ACE Companies) shall have the right to enforce the Asbestos Insurance Entity Injunction with respect to the ACE Parties and their Predecessors, but only with respect to insurance policies and the Prior Agreements under which (and only to the extent to which) such ACE Parties and their Predecessors are released pursuant to the ACE Settlement Agreement.

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<sup>4</sup> Capitalized terms in Paragraphs 73 through 79 not defined herein or in the Sept. 28 Plan have the meanings ascribed thereto in the Settlement Agreement and Release between the B&W/McDermott Parties (other than the Asbestos PI Trust), the ACC, the FCR, and the ACE Parties (the "ACE Settlement Agreement"), which was approved by the Bankruptcy Court on December 28, 2005.



77. Consistent with Sections 7.3 and 7.4 of the Sept. 28 Plan and Paragraph 80 of this Confirmation Order, none of the B&W/McDermott Parties, the ACC, or the FCR may seek to terminate, or reduce or limit the scope of the Asbestos PI Channeling Injunction or the Asbestos Insurance Entity Injunction with respect to (i) the ACE Companies and their Predecessors, or (ii) the ACE Parties (other than the ACE Companies) and their Predecessors but only with respect to the insurance policies and the Prior Agreements under which (and only to the extent to which) such ACE Parties and their Predecessors are released pursuant to the ACE Settlement Agreement.

78. Except as released and/or modified in the ACE Settlement Agreement, notwithstanding anything to the contrary in the Sept. 28 Plan or this Confirmation Order, the ACE Collateral Insurance Policies, Programs and Security Agreements:

- a. To the extent they were entered into prior to the Petition Date, are deemed to have been assumed by the Debtors to the extent of the Debtors' interests therein pursuant to Section 365 of the Bankruptcy Code on the Effective Date, and the Sept. 28 Plan constitutes a motion to assume the same as executory contracts as of the Effective Date, which motion is hereby granted in its entirety;
- b. Remain in full force and effect and survive, and remain unaffected, unmodified and unimpaired by, the Sept. 28 Plan and the Confirmation Order; and
- c. Are binding upon and enforceable against the respective parties to the ACE Collateral Insurance Policies, Programs And Security Agreements, including the Reorganized Debtors, in accordance with the terms and conditions thereof as modified or released by the ACE Settlement Agreement.

79. Any Claim by the ACE Parties, arising under the ACE Collateral Insurance Policies, Programs And Security Agreements, against

- (i) any B&W/McDermott Party, and/or
- (ii) any Entity (including any ACE Party) that issued, holds, or maintains any of the ACE collateral identified on Exhibit A of the ACE Settlement Agreement (solely in that Entity's capacity as such),

shall not be channeled to the Asbestos PI Trust.

**Provisions Relating to Insurer Misconduct Actions**

80. Notwithstanding anything in the Sept. 28 Plan, nothing in the Sept. 28 Plan or any related documents (or in any release documents executed by holders of Asbestos PI Trust Claims) shall extinguish, settle, waive, impair, enjoin, channel, or relinquish any Insurer Misconduct Action against any Asbestos Insurance Entity, except as otherwise provided in this Confirmation Order.

81. Consistent with Section 7.3 and 7.4 of the Sept. 28 Plan and Paragraph 80 of this Confirmation Order, the Asbestos Insurance Entity Injunction, set forth in Paragraph 37 of this Confirmation Order, and the Asbestos PI Channeling Injunction, set forth in Paragraph 32 of this Confirmation Order, shall apply to B&W/AIG Insurer Misconduct Actions against Certain AIG Member Companies.<sup>5</sup>

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<sup>5</sup> The terms "B&W/AIG Insurer Misconduct Actions" and "Certain AIG Member Companies" have the meanings ascribed to them in the Settlement Agreement and Release between the Babcock Parties, the ACC, the FCR and Certain AIG Member Companies, which was approved by the Bankruptcy Court on June 16, 2004. The term "New Hampshire" has the meaning ascribed to it in the Amended and Restated Settlement Agreement and Release between the Babcock Parties, the ACC, the FCR and Certain AIG Member Companies, for which execution is pending (the "Amended and Restated AIG Settlement Agreement"). Notwithstanding Paragraph 81 above, the application of the Asbestos PI Channeling Injunction to any Claims against New Hampshire is conditioned on and subject to the final execution and approval by Final Order of the Amended and Restated AIG Settlement Agreement.

82. Consistent with Section 7.3 and 7.4 of the Sept. 28 Plan and Paragraph 80 of this Confirmation Order, the Asbestos Insurance Entity Injunction and the Asbestos PI Channeling Injunction shall apply to B&W/Underwriters Insurer Misconduct Actions against Underwriters and Equitas (in its capacity as Underwriters' reinsurer and run-off agent).<sup>6</sup>

83. Consistent with Section 7.3 and 7.4 of the Sept. 28 Plan and Paragraph 80 of this Confirmation Order, the Asbestos Insurance Entity Injunction and the Asbestos PI Channeling Injunction shall apply to B&W/Participating London Companies Insurer Misconduct Actions against the Participating London Companies.<sup>7</sup>

84. Consistent with Section 7.3 and 7.4 of the Sept. 28 Plan and Paragraph 80 of this Confirmation Order, the Asbestos Insurance Entity Injunction and the Asbestos PI Channeling Injunction shall apply to B&W/St. Paul Insurer Misconduct Actions against St. Paul.<sup>8</sup>

85. Consistent with Section 7.3 and 7.4 of the Sept. 28 Plan and Paragraph 80 of this Confirmation Order, the Asbestos PI Channeling Injunction, the Asbestos PD Channeling

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<sup>6</sup> The terms "B&W/Underwriters Insurer Misconduct Actions," "Underwriters," and "Equitas" have the meanings ascribed to them in the Amended and Restated Settlement Agreement and Mutual Release between the Babcock Parties, the ACC, the FCR, and Underwriters, which was approved by the Bankruptcy Court on April 14, 2005.

<sup>7</sup> The terms "B&W/Participating London Companies Insurer Misconduct Actions" and "Participating London Companies" have the meanings ascribed to them in the Settlement Agreement and Release between the Babcock Parties, the ACC, the FCR and the Participating London Companies, which was approved by the Bankruptcy Court on November 28, 2005.

<sup>8</sup> The terms "B&W/St. Paul Insurer Misconduct Actions" and "St. Paul" have the meanings ascribed to them in the Settlement Agreement and Release between the Babcock Parties, the ACC, the FCR and St. Paul, which was executed on December 6, 2005, and filed for approval with the Bankruptcy Court on November 23, 2005 (the "St. Paul Settlement Agreement").

Injunction, and the Asbestos Insurance Entity Injunction shall apply to the B&W/Travelers Insurer Misconduct Actions against Travelers.<sup>9</sup>

86. Consistent with Section 7.3 and 7.4 of the Sept. 28 Plan and Paragraph 80 of this Confirmation Order, the Asbestos Insurance Entity Injunction and the Asbestos PI Channeling Injunction shall apply to B&W/ACE Companies Insurer Misconduct Actions in favor of the ACE Companies and their Predecessors.<sup>10</sup>

#### Notice

87. Pursuant to Bankruptcy Rules 2002(f)(7) and 3020(c), the Debtors shall be, and hereby are, directed to serve a notice of the (i) the entry of this Confirmation Order, (ii) the bar date for filing Claims based on the rejection of executory contracts or unexpired leases, (iii) the bar date for filing non-asbestos claims and (iv) the date for filing final applications for compensation and reimbursement of expenses hereunder. The Debtors shall submit a proposed form of notice (the "Confirmation Notice") to this Court within ten (10) days hereof.

88. The Debtors shall be, and hereby are, directed to publish the Confirmation Notice once in The Wall Street Journal (National Edition); the Ohio Beacon Journal; the Baton Rouge Advocate; the New Orleans Times-Picayune; the Pittsburgh Post-Gazette; and the Tarentum Valley News Dispatch no later than ten (10) days after the Confirmation Date.

89. No later than ten (10) days after the Effective Date, the Debtors shall publish once in The Wall Street Journal (National Edition); the Ohio Beacon Journal; the Baton Rouge

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<sup>9</sup> The term "B&W/Travelers Insurer Misconduct Actions" has the meaning ascribed to it in the Travelers Settlement Agreement.

<sup>10</sup> The term "B&W/ACE Companies Insurer Misconduct Actions" has the meaning ascribed to it in the ACE Settlement Agreement.

Advocate; the New Orleans Times-Picayune; the Pittsburgh Post-Gazette; and the Tarentum Valley News Dispatch notice of the occurrence of the Effective Date of the Sept. 28 Plan, which notice shall state that the Apollo/Parks Township Claims are not affected by the Sept. 28 Plan and shall reference the 30-day extension to file Apollo/Parks Township Claims against the Debtors pursuant to Section 108 of the Bankruptcy Code. The Debtors will send the Apollo FCR and his counsel an affidavit of publication from the Debtors' noticing agent confirming publication. The Debtors will consult with the Apollo FCR regarding the content, timing and size of the publication and any disputes arising with respect to such publication shall be resolved by the Bankruptcy Court.

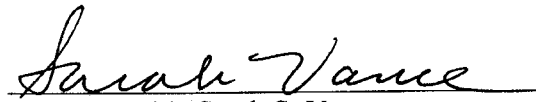
90. A copy of this Confirmation Order shall be immediately served on the parties listed on the 2002 Notice List.

91. This Confirmation Order is hereby declared to be in recordable form and shall be accepted by any recording officer for filing and recording purposes without further or additional orders, certifications, or other supporting documents.

92. This Court would like to express its appreciation to Mr. Justice James Farley of the Ontario Superior Court of Justice for presiding over the ancillary proceedings in Canada and would again seek his assistance in recognizing this order and giving effect to it in Canada.

THIS ORDER is hereby ENTERED in New Orleans, Louisiana on

Jan. 17, 2006

  
The Honorable Sarah S. Vance  
United States District Judge

**EXHIBIT A**

**Definitions of Parties Protected by the  
Asbestos PI Channeling Injunction and the Asbestos PD Channeling Injunction**

1. "Debtors" means The Babcock & Wilcox Company ("B&W"), Americon, Inc., Diamond Power International, Inc., and the Babcock & Wilcox Construction Co., Inc.
2. "Reorganized Debtors" means the Debtors, or any successors in interest thereto, from and after the Effective Date of the Sept. 28 Plan.
3. "Asbestos Protected Parties" means
  - a) the Debtors;
  - b) the Reorganized Debtors (except as to Class 7 Claims);
  - c) the Non-Debtor Subsidiaries (as defined below);
  - d) the MII Indemnified Parties (as defined below);
  - e) any Entity that, pursuant to the Sept. 28 Plan or otherwise after the Effective Date of the Sept. 28 Plan, becomes a direct or indirect transferee of, or successor to, any of the Debtors, the Reorganized Debtors, the Non-Debtor Subsidiaries, the Non-Debtor Affiliates (as defined below), or the MII Indemnified Parties, or any of their respective assets (but only to the extent that liability is asserted to exist as a result of its becoming such a transferee or successor);
  - f) any Entity that, pursuant to the Sept. 28 Plan or otherwise after the Effective Date of the Sept. 28 Plan, makes a loan to any of the Debtors, the Reorganized Debtors, the Non-Debtor Subsidiaries, the Non-Debtor Affiliates, the MII Indemnified Parties, the Asbestos PI Trust (as defined below), or to a successor to, or transferee of any of the respective assets of, the Debtors, the Reorganized Debtors, the Non-Debtor Subsidiaries, the Non-Debtor Affiliates, the MII Indemnified Parties, or the Asbestos PI Trust (but only to the extent that liability is asserted to exist by reason of such Entity's becoming such a lender or to the extent any pledge of assets made in connection with such a loan is sought to be upset or impaired);
  - g) each of the respective present and future Affiliates and Subsidiaries of each of the Debtors, each of the Reorganized Debtors, each of the Non-Debtor Subsidiaries, each of the Non-Debtor Affiliates, and each of the MII Indemnified Parties; or
  - h) each of the respective past, present, and future Representatives of each of the Debtors, each of the Reorganized Debtors, each of the Non-Debtor Subsidiaries, each of the Non-Debtor Affiliates, and each of the MII Indemnified Parties.

4. "Non-Debtor Subsidiaries" means each of the following Entities:

Americon Equipment Services, Inc.  
Applied Synergistics, Inc.  
B&W Service Company  
Babcock & Wilcox Canada Ltd.  
Babcock & Wilcox China Holdings, Inc.  
Babcock & Wilcox Denmark Holdings, Inc.  
Babcock & Wilcox do Brasil Limitada  
Babcock & Wilcox Ebensburg Power, Inc.  
Babcock & Wilcox Equity Investments, Inc.  
Babcock & Wilcox Foreign Sales Corporation  
Babcock & Wilcox India Private Limited  
Babcock & Wilcox International Sales and Service Corporation  
Babcock & Wilcox International, Inc.  
Babcock & Wilcox Volund ApS  
Babcock & Wilcox Volund France SAS  
Diamond Operating Co., Inc.  
Diamond Power Australia Holdings, Inc.  
Diamond Power China Holdings, Inc.  
Diamond Power do Brasil Limitada  
Diamond Power Equity Investments, Inc.  
Diamond Power Finland OY  
Diamond Power Importacao e Exportacao Ltda.  
Diamond Power Machine (Hubei) Co., Inc.  
Diamond Power Services S.E.A. Ltd.  
Diamond Power Specialty (Proprietary) Limited  
Diamond Power Specialty Limited  
Diamond Power-Sturm GmbH  
Diamond Power Sweden Aktiebolag  
Diamond Power Sweden AB  
Ebensburg Investors Limited Partnership  
Ebensburg Power Company  
Ejendomsaktieselskabet Falkevej2  
LT Produkter i Skutskar AB  
National Ecology Company  
North County Recycling, Inc.  
P. T. Babcock & Wilcox Asia  
Palm Beach Resource Recovery Corporation  
Power Systems Operations, Inc.  
Revloc Reclamation Service, Inc.

5. "MII Indemnified Parties" means

- a) McDermott International, Inc. ("MI");

- b) all Entities that Schedule 1.1(b) to the Non-Debtor Affiliate Settlement Agreement identifies as Affiliates of MII (listed below);
- c) all natural persons who are past or present Affiliates of MII or any of its Subsidiaries;
- d) all future Affiliates of MII or any of its Subsidiaries;
- e) Hudson Products Corporation, a Delaware corporation, and all of its present Subsidiaries;
- f) all the respective Representatives of the Entities described in clauses (a) through (e) of this definition,
- g) all the respective past, present and future Representatives of any of B&W and its Subsidiaries, and
- h) all the respective successors (by operation of law or otherwise) of the Entities described in clauses (a) through (g) of this definition.

The Affiliates identified on Schedule 1.1(b) to the Non-Debtor Affiliate Settlement Agreement include the following Entities:

<b>Name</b>	<b>Jurisdiction of Organization</b>
B&W de Panama, Inc.	Panama
B&W SOFC G.P., Inc.	Delaware
B&W SOFC L.P., Inc.	Delaware
Babcock & Wilcox Asia Investment Company	Delaware
Babcock & Wilcox Asia Limited	Hong Kong
Babcock & Wilcox Beijing Company, Ltd.	China
Babcock & Wilcox China Investment Co., Inc.	Panama
Babcock & Wilcox Finance, Inc.	Delaware
Babcock & Wilcox HRSG Company	Delaware
Babcock & Wilcox International Investments Co., Inc.	Panama
Babcock & Wilcox Investment Company	Delaware
Babcock & Wilcox Investment Company	Louisiana
Barmada McDermott (L) Limited	Malaysia
Barmada McDermott Sdn. Bhd.	Malaysia
Bechtel B&W Idaho, LLC	Delaware
Bechtel BWXT Idaho, LLC	Delaware
Boudin Insurance Company, Ltd	Bermuda
Brick Insurance Company, Ltd.	Bermuda
BWX Technologies, Inc.	Delaware
BWXT Federal Services, Inc.	Delaware
BWXT Hanford Company	Delaware
BWXT of Idaho, Inc.	Delaware



Name	Jurisdiction of Organization
BWXT of Ohio, Inc.	Delaware
BWXT Pantex, L.L.C.	Delaware
BWXT Protec, Inc.	Delaware
BWXT Savannah River Company	Delaware
BWXT Services, Inc.	Delaware
BWXT Washington, Inc.	Delaware
BWXT Y-12, L.L.C.	Delaware
Caspian Offshore Fabricators LLC	Azerbaijan Republic
Cayenne Insurance Company, Ltd.	Bermuda
Ceramatec G.P., Inc.	Utah
Ceramatec SOFC, Inc.	Utah
Chartering Company (Singapore) Pte. Ltd.	Singapore
Columbia Basin Ventures, LLC	Delaware
Construcciones Maritimas Mexicanas, S.A. de C.V.	Mexico
Creole Insurance Company, Ltd.	Bermuda
CTR Solutions, LLC	Delaware
Deep Oil Technology, Inc.	California
Deepwater Marine Technology, L.L.C.	Cayman Islands
Delta Catalytic (Holland) B.V.	Netherlands
Delta Hudson Engineering Corporation	Texas
Delta Hudson International, Inc.	Panama
DHEC Corporation	Texas
Diamond Power (Australia) Pty. Limited	Australia
Diamond Power Hubei Machine Company, Ltd.	China
DynMcDermott Petroleum Operations Company	Louisiana
Eastern Marine Services, Inc.	Panama
Ebensburg Investors Limited Partnership*	Pennsylvania
Ebensburg Power Company*	Pennsylvania
First Emirates Trading Corporation	United Arab Emirates
FloaTEC, LLC	Delaware
Global Energy -McDermott Limited	British Virgin Islands
Greenbank Terotech Pty. Limited	Australia
Gumbo Insurance Company, Ltd.	Bermuda
Halley & Mellowes Pty. Ltd.	Australia
Honore Insurance Company, Ltd.	Bermuda
Hudson Engineering (Canada), Ltd.	Canada
Hudson Engineering Company, Inc.	Delaware
Hudson Engineering International, Inc.	Panama
Hydro Marine Services, Inc.	Panama
Initec, Astano y McDermott International Inc., S.A.	Spain
International Vessels Ltd.	Mauritius

Name	Jurisdiction of Organization
J. Ray McDermott (Aust.) Holding Pty. Limited	Australia
J. Ray McDermott (Nigeria) Ltd.	Nigeria
J. Ray McDermott Asia Pacific Pte. Ltd.	Singapore
J. Ray McDermott Contractors, Inc.	Panama
J. Ray McDermott de Mexico, S.A. de C. V.	Mexico
J. Ray McDermott Diving International, Inc.	Panama
J. Ray McDermott Eastern Hemisphere Limited	Mauritius
J. Ray McDermott Engineering Holdings, Inc.	Delaware
J. Ray McDermott Engineering, LLC	Texas
J. Ray McDermott Far East, Inc.	Panama
J. Ray McDermott Contractors, Inc.	Texas
J. Ray McDermott Holdings, Inc.	Delaware
J. Ray McDermott International Services Limited	United Kingdom
J. Ray McDermott International Vessels, Ltd.	Cayman Islands
J. Ray McDermott International, Inc.	Panama
J. Ray McDermott Investments B.V.	Netherlands
J. Ray McDermott Middle East (Indian Ocean), Ltd.	Mauritius
J. Ray McDermott Middle East, Inc.	Panama
J. Ray McDermott Newfoundland, Ltd.	Newfoundland
J. Ray McDermott Solutions, Inc.	Delaware
J. Ray McDermott Spars, Inc.	Delaware
J. Ray McDermott Technology, Inc.	Delaware
J. Ray McDermott Underwater Services, Inc.	Delaware
J. Ray McDermott Underwater Services, Inc.	Panama
J. Ray McDermott West Africa Holdings, Inc.	Delaware
J. Ray McDermott West Africa, Inc.	Delaware
J. Ray McDermott, Inc.	Delaware
J. Ray McDermott, S.A.	Panama
Lagniappe Insurance Company, Ltd.	Bermuda
Macshelf Ltd	United Kingdom
Malmac Sdn. Bhd.	Malaysia
Marine Contractors, Inc.	Panama
McDermott (Malaysia) Sendirian Berhad	Malaysia
McDermott Abu Dhabi Offshore Construction Company	United Arab Emirates
McDermott Amur, Inc.	Panama
McDermott APC Services Limited	United Kingdom
McDermott Arabia Company Limited	Saudi Arabia
McDermott Azerbaijan, Inc.	Panama
McDermott Azerbaijan Marine Construction, Inc.	Panama
McDermott Azerbaijan Pipelines, Inc.	Panama
McDermott Caspian Contractors, Inc.	Panama
McDermott Cayman Ltd.	Cayman Islands
McDermott Central & Eastern Europe, Inc.	Panama

Name	Jurisdiction of Organization
McDermott Employee Relief Fund	Texas
McDermott Far East, Inc.	Panama
McDermott Gulf Operating Company, Inc.	Panama
McDermott Holdings (U.K.) Limited	United Kingdom
McDermott Incorporated	Delaware
McDermott Industries (Aust.) Pty. Limited	Australia
McDermott International Asset Management, Ltd.	Bahamas
McDermott International B.V.	Netherlands
McDermott International Beijing, Inc.	Panama
McDermott International Engineering & Construction Co., Ltd.	Cayman Islands
McDermott International Investments Co., Inc.	Panama
McDermott International Marine Investments N.V.	Netherlands
	Antilles
McDermott International Marketing, Inc.	Panama
McDermott International Project Management, Inc.	Panama
McDermott International Trading (Holland1) B.V.	Netherlands
McDermott International Trading Co., Inc.	Panama
McDermott Marine Construction Limited	United Kingdom
McDermott Marine UK Limited	United Kingdom
McDermott Offshore Services Company, Inc.	Panama
McDermott Old JV Office, Inc.	Panama
McDermott Overseas Investment Co. N.V.	Netherlands
	Antilles
McDermott Overseas, Inc.	Panama
McDermott Sakhalin, Inc.	Panama
McDermott Servicos de Construco, Ltda.	Brazil
McDermott Shipbuilding, Inc.	Delaware
McDermott South East Asia Pte. Ltd.	Singapore
McDermott Submarine Cable Systems Limited	United Kingdom
McDermott Technology, Inc.	Delaware
McDermott Trade Corporation	Delaware
McDermott West Indies Company	United Arab Emirates
	Netherlands
Menck B.V.	United Kingdom
Mentor Engineering Consultants Limited	Delaware
Mentor Subsea Technology Services, Inc.	Panama
MIMCO, Inc.	Missouri
Nooter/Eriksen -Babcock & Wilcox, L.L.C.	Panama
North Atlantic Vessel, Inc.	Panama
Northern Marine Services, Inc.	Delaware
Oak Ridge Security Associates, L.L.C.	United Arab Emirates
Oceanic Red Sea Company	

<b>Name</b>	<b>Jurisdiction of Organization</b>
Offshore Angola, Ltd.	Cayman Islands
Offshore Hyundai International, Ltd.	Cayman Islands
Offshore Pipelines Far East Limited	Vanuatu
Offshore Pipelines International Gulf E.C.	Bahrain
Offshore Pipelines International, Ltd.	Cayman Islands
Offshore Pipelines Nigeria Limited	Nigeria
Offshore Pipelines Sdn. Bhd.	Malaysia
Offshore Power Generation Ltd.	Cayman Islands
Offshore Production Vessels, Ltd.	Cayman Islands
OPI International Vessels, Ltd.	Cayman Islands
OPI Vessels, Inc.	Delaware
OPMI, E.C.	Bahrain
OPMI, Ltd.	Cayman Islands
P. T. Armandi Pranaupaya	Indonesia
P. T. Babcock & Wilcox Indonesia	Indonesia
P. T. Bataves Fabricators	Indonesia
P. T. Jay Ray	Indonesia
P. T. McDermott Indonesia	Indonesia
Pirogue Insurance Company, Ltd.	Bermuda
POGC Sensor Technology Pty. Limited	Australia
PT. J. Ray McDermott Indonesia	Indonesia
Rocky Flats Technical Associates, Inc.	Colorado
Sabine River Realty, Inc.	Louisiana
Safe Sites of Colorado, L.L.C.	Delaware
Saudi OPMI Company Limited	Saudi Arabia
SOFCo L. P.	Delaware
SOFCo-EFS Holdings LLC (formerly SOFCO Holdings LLC)	Delaware
Spars International Inc.	Texas
SparTEC, Inc.	Delaware
Tallares Navales del Golfo, S.A. de C.V.	Mexico
TL Marine Sdn. Bhd.	Malaysia
Trispec Technical Services Ltd.	Canada
Valveco Industries Pty. Ltd.	Australia
Varsy International N.V.	Netherlands
	Antilles
Wagley, Inc.	Alaska
Washington Group BWXT Operating Services, LLC	Delaware
WD 140 Platform LLC	Louisiana
Any Entity which (i) at the time of its dissolution prior to February 22, 2000, was a wholly owned Subsidiary of MII or any of its wholly owned Subsidiaries, and (ii) will be included in a list of Non-Debtor Affiliates that is filed as part of the Plan Supplement on or before the Effective Date.	

6. "Non-Debtor Affiliates" means each of the MII Indemnified Parties and each of the Entities identified on a supplement to Schedule 1.1(b) of the Non-Debtor Affiliate Settlement Agreement included in the Plan Supplement.
7. "Settling Asbestos Insurance Entities" means any Asbestos Insurance Entity that has entered into an Asbestos PI Insurance Settlement Agreement (which may also include an Asbestos PD Insurance Settlement Agreement) that is sufficiently comprehensive in the determination of the Asbestos Claimants' Committee, the Future Claimants' Representative, and the Debtors to warrant treatment under Section 524(g) of the Bankruptcy Code in the case of Asbestos PI Trust Claims or to warrant treatment under Section 105 of the Bankruptcy Code in the case of Class 7 Claims, and that is listed on the following schedule:

**Schedule Of Settling Asbestos Insurance Entities  
(As of January 11, 2006)**

1. The ACE Companies, as defined in the Settlement Agreement and Release between the B&W/McDermott Parties (other than the Asbestos PI Trust), the ACC, the FCR and the ACE Parties (the "ACE Settlement Agreement"), which was approved by the Bankruptcy Court on December 28, 2005.
2. The ACE Parties (other than the ACE Companies), each as defined in the ACE Settlement Agreement, but only with respect to insurance policies and the Prior Agreements under which (and only to the extent to which) such ACE Parties are released pursuant to the ACE Settlement Agreement.
3. Affiliated/Appalachian, as defined in the Settlement Agreement and Release between the Babcock Parties, the ACC, the FCR and Affiliated/Appalachian, which was approved by the Bankruptcy Court on December 23, 2003.
4. American General Insurers, as defined in the Settlement Agreement and Release between the Babcock Parties, the ACC, the FCR and the Participating American General Insurers, which was approved by the Bankruptcy Court on November 28, 2005.
5. Arkwright, as defined in the Settlement Agreement and Release between the Babcock Parties, the ACC, the FCR and Arkwright, which was approved by the Bankruptcy Court on October 27, 2004.
6. Associated International, as defined in the Settlement Agreement and Release between the Babcock Parties, the ACC, the FCR and Associated International, which was approved by the Bankruptcy Court on June 16, 2004.
7. Certain AIG Member Companies, as defined in the Settlement Agreement and Release between the Babcock Parties, the ACC, the FCR and Certain AIG Member Companies, which was approved by the Bankruptcy Court on June 16, 2004.

8. CNA, as defined in the Settlement Agreement and Release between the Babcock Parties, the ACC, the FCR and CNA, which was approved by the Bankruptcy Court on December 23, 2003.

9. Federal, as defined in the Settlement Agreement and Complete Asbestos Claim Release between the Babcock Parties, the ACC, the FCR and Federal, which was approved by the Bankruptcy Court on November 28, 2005.

10. Fireman's Fund, as defined in the Settlement Agreement and Release between the Babcock Parties, the ACC, the FCR and Fireman's Fund, which was approved by the Bankruptcy Court on December 28, 2005.\*\*

11. First State Releasees, as defined in the Amended Settlement Agreement and Release between the Babcock Parties, the ACC, the FCR and First State, which was approved by the Bankruptcy Court on June 16, 2004.

12. Mt. McKinley, as defined in the Settlement Agreement and Complete Asbestos Claim Release between the Babcock Parties, the ACC, the FCR and Mt. McKinley, which was approved by the Bankruptcy Court on October 27, 2004.

13. New Hampshire, as defined in the Settlement Agreement and Release between the Babcock Parties, the ACC, the FCR and New Hampshire, for which execution is pending.\*\*

14. New York Marine Managers, Inc., West Coast Marine Managers, Inc., The Navigators Group, Inc., and Ranger, as identified in the Settlement Agreement and Release between the Babcock Parties, the ACC, the FCR, the New York Marine Parties, and Ranger, which was approved by the Bankruptcy Court on December 28, 2005 (the "New York Marine Settlement Agreement").\*\*

15. New York Marine Participating Companies, as defined in the New York Marine Settlement Agreement, but solely with respect to the New York Marine Subject Policies and only to the extent such New York Marine Subject Policies are released pursuant to the New York Marine Settlement Agreement.\*\*

16. Northwestern, as defined in the Settlement Agreement and Release between the Babcock Parties, the ACC, the FCR and Northwestern, which was approved by the Bankruptcy Court on June 24, 2004.

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\*\*Certain of the above-listed Asbestos Insurance Entities (designated on this Schedule by \*\*) have entered into settlement agreements with the Debtors that are subject to final execution and/or approval by Final Order of the Bankruptcy Court, and/or the Ontario Superior Court of Justice (Commercial List) in the Matter of Babcock & Wilcox Canada (Court File No. 00-CL-3667). Designation on this Schedule of such Asbestos Insurance Entities is subject to, and conditioned upon, such final execution and the entry of such Final Orders.

17. Orion, as defined in the Settlement Agreement and Release between the Babcock Parties, the ACC, the FCR and Orion, for which execution is pending.\*\*

18. Participating London Companies, as defined in the Settlement Agreement and Mutual Release between the Babcock Parties, the ACC, the FCR and the Participating London Companies, which was approved by the Bankruptcy Court on November 28, 2005.

19. Prudential and Pearl, each as defined in the Settlement Agreement and Release between the Babcock Parties, the ACC, the FCR, Prudential and Pearl, which was approved by the Bankruptcy Court on October 27, 2004.

20. The RiverStone Insurers, as defined in the Settlement Agreement and Release between the Babcock Parties, the ACC, the FCR, RiverStone and the RiverStone Insurers, which was approved by the Bankruptcy Court on October 27, 2004.

21. Royal, as defined in the Settlement Agreement and Release between the Babcock Parties, the ACC, the FCR and Royal, which was approved by the Bankruptcy Court on October 27, 2004.

22. St. Paul, as defined in the Settlement Agreement and Complete Asbestos Claim Release between the Babcock Parties, the ACC, the FCR and St. Paul, which was approved by the Bankruptcy Court on December 28, 2005.

23. Travelers, as defined in the Settlement Agreement and Release between the B&W/McDermott Parties, the ACC, the FCR and Travelers, which was approved by the Bankruptcy Court on October 27, 2004.

24. Underwriters and Equitas (solely in its capacity as Underwriters' reinsurer and run-off agent), each as defined in the Amended and Restated Settlement Agreement and Mutual Release between the Babcock Parties, the ACC, the FCR and Underwriters (the "Amended and Restated Settlement Agreement"), which was approved by the Bankruptcy Court on April 14, 2005.